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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 13-80

WASHINGTON, August 13--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In AUSTRALIA, the outlook for the grain crop has shown some improvement in recent weeks, particularly with the rains in Queensland. If average conditions continue during the season, this year's wheat production could reach about 15.5 million tons, only 500,000 tons less than the bumper 1979 crop. Production at this level would continue to assure wheat exports at the high levels of recent years. Barley production is estimated at 3.8 million tons or about 100,000 tons above last year's level. Oat production is estimated at 1.4 million tons, only slightly above the preceding year.

The EUROPEAN COMMUNITY (EC) is expecting record high production of small grain crops. The above normal rainfall and cool weather over most of the EC this summer have been generally favorable for development of small grains (wheat, barley, oats and rye). Moreover, in recent weeks warm, dry weather has been beneficial for winter wheat harvesting operations and for row crop development. Record wheat crops are now expected in France, Italy, West Germany and the United Kingdom, while record barley crops are anticipated in the United Kingdom and West Germany.

Throughout the Community, the use of both wheat and barley for feed is expected to increase somewhat this year, while feeding of corn and sorghum could decrease slightly. Wheat and barley stocks should rise over last year's levels, and exports are expected to increase from the 1979/80 (July/June) levels of 14.8 million tons for wheat and 6.9 million tons for barley.

THAILAND AND JAPAN have reached an agreement for corn exports, by which Thailand will supply 400,000 tons of corn to Japan beginning in October 1980 through January 1981. Proposed shipments call for delivery of 70,000 tons in October, 120,000 tons in November, 130,000 tons in December and 80,000 tons for January 1981. Final price arrangements are to be agreed upon 55 days before shipment.

During 1978/79 (July/June), Thailand exported about 725,000 tons of corn to Japan, but during 1979/80 exports dropped to around 250,000 tons--mainly because of price disagreements.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

HORTICULTURAL AND TROPICAL PRODUCTS

At the recent informal UNCTAD cocoa consultations in Geneva, a decision was reached that every effort should be made to conclude a new INTERNATIONAL COCOA AGREEMENT. Producers have agreed to delay withdrawing the \$220 million from the buffer stock fund of the old agreement. Further talks between producers and consumers are tentatively scheduled for early this October. The major issues to be resolved center around the level and structure of the price range and the mechanism for price revision.

Coffee production in EL SALVADOR is expected to be off 20 percent in 1979/80, partly because of wide-spread coffee rust. According to press reports, coffee rust has spread to the major western coffee growing region. Nearly 7,000 hectares in this region have been quarantined during the past eight months because of the Nicaraguan rust strain on 210 plantations.

Heavy rains and only partially effective fumigation programs have allowed the rust to spread rapidly since it was first discovered last fall. In addition, most of the coffee land abandoned after the March 5 agrarian reform law was distributed to farm laborers who did not have the resources or expertise to carry out an effective fumigation program. Coffee usually contributes about 50 percent of El Salvador's total export earnings.

Early indications are that SPAIN'S 1980/81 citrus crop will be 10 to 15 percent larger than the total 1979/80 crop estimated at 2.8 million tons.

In WEST GERMANY, use of potatoes for processed products during 1979 jumped 20 percent over the 1978 level of 894,800 tons, according to the West German Federal Association of Potato Processing Industry. The increase was primarily the result of intensive marketing efforts by individual processors. Use of potatoes for 1977-79 is as follows in 1,000 tons.

	Total	Dehydrated products	Potato chips	Frozen products	Pre-fried products	Other
1977	930.2	415.5	89.9	156.6	205.4	62.8
1978	894.8	311.3	101.7	183.2	228.8	69.8
1979	1074.0	378.0	105.0	240.0	260.0	91.0

(Prelim.)

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U.S. CANNED MUSHROOM IMPORTS during the second quarter of 1980 (April-June) totaled 15,878 tons, the highest quarterly level in history. June imports, however, were down by 12 percent from the preceding month--the first monthly decline in six months. Import market shares during April-June 1980 were as follows: Taiwan 45 percent, Hong Kong 21 percent, South Korea 20 percent, China 9 percent, Macao 3 percent.

The high level of imports during the past several months may be an attempt by exporting countries to ship as much as possible before the possible imposition of U.S. import quotas. On Aug. 6, the U.S. International Trade Commission recommended the imposition of quotas for three years, beginning in July 1980. The President has sixty days in which to make a decision on this recommendation.

MEXICO has eliminated export taxes on fruits and vegetables in an effort to increase export sales. The Mexican Commerce Secretariat announced July 31 that the 5 percent tax on exports of fresh and chilled fruits and vegetables was terminated. The tax was removed because of lagging sales of these commodities, mainly in U.S. markets, and to stimulate efforts to develop new foreign markets for Mexican produce.

COTTON

The USSR cotton crop has been making excellent progress and is ahead of normal schedule, largely because of favorable weather. As a result, the Soviets have increased the seed cotton output target from 9.1 to 9.3 million tons (about 13.3 million 480-lb bales of lint). Although there have been no major problems, the hot weather has increased the cotton pest population. Cotton consumption in the USSR is expected to increase slightly in 1980/81 to 9.15 million bales. Also, cotton exports could recover somewhat in 1980/81 from the 3.7 million bales exported in 1979/80.

PAKISTAN could produce another good cotton crop in 1980/81 as a result of favorable weather thus far. The crop has been making good progress and has been generally insect free. If conditions continue to be favorable, cotton output could reach 3.1 million bales or more, compared with 3.4 million bales in 1979/80. Row sowing of cotton, as opposed to broadcast, has increased substantially in the past two years. Farmers also are increasing fertilizer use, despite the higher price. Pakistan's cotton exports as of now are expected to reach 1.1 million bales in 1980/81.

TOBACCO

In FRANCE, the control of tobacco products has been realigned in an effort to recapture a larger share of the market. The former French tobacco monopoly, SEITA, is now a public company. This change should bring increased managerial freedom, and may result in the development of tobacco products that are more competitive with imports, particularly American-blend type cigarettes. The market shares of SEITA's traditional dark French blend, Gauloise, and the dark French type, Gitane, continued to decline in 1979. Overall, French-type blends declined 2.1 percent last year, while American-type blended cigarettes increased by 5 percentage points to 25.3 percent of all retail cigarette sales. Eighty-two percent of the American-blend cigarettes were imported.

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NEW RELEASE OF FOREIGN AGRICULTURE CIRCULAR

U.S. Seed Exports, Quantity, Value, and Destination 1978/79 and 1979/80
Marketing Years, FFVS 8-80

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INTERNATIONAL WEATHER AND CROP SUMMARY, AUG. 4-10

EUROPE--The decreasing rainfall trend continued last week, with no major agricultural areas receiving above normal amounts. This was in marked contrast to July, when most of the north and east were colder and wetter than normal. Apparently, the change in weather came just in time for winter grains. As harvesting begins, yield expectations remain high, especially in the western countries. Spring-planted crops have not fared so well, and potential yields in the eastern countries had declined somewhat before the weather improved.

WESTERN USSR--Wet weather continued in scattered parts of the Ukraine, with relatively heavy rainfall in a band from southern Belorussia eastward through the northcentral Ukraine to the western Black Soils Region, preventing advancement of harvesting to the north. Fair weather prevailed over about half of the Ukraine's harvest areas, but generally the wetness represented a continuation of conditions which persisted through July. A return to relatively wet weather in the north may have done more harm than good. Generally, fair weather in the southeastern part of the winter grain belt favored late harvest activities, but maintained conditions too dry for row crops. Rains in the southern Urals came too late to help spring grains as dry conditions have persisted for most of July.

NEW LANDS--A slow-moving cold front dropped much-above-normal rainfall over the central portion of the New Lands, with generally lighter amounts to the east and west. Spring grains across the south have probably matured sufficiently so that more rainfall is not needed, but the northern areas will benefit from the moisture. Moderate rainfall to the southwest of Kustanay probably came too late to improve dry conditions. Moisture in that area had been insufficient for normal crop development during July, and potential yields probably declined. The rest of the New Lands received mostly adequate rainfall in July, but a dry period in the south last month may have stressed grains during flowering. July temperatures were slightly above normal in the southwest and slightly below normal in the northeast. Late in the month however, readings dropped sharply and stayed low well into last week. No freezing temperatures occurred, and conditions were normal again at the week's end.

CHINA--Drier weather returned to the southern half of the North China Plain, giving crops a chance to dry out after last week's excessive rainfall. The region had stayed wet for most of July, so this change was badly needed in many areas. Some localized spots in the hills to the south received heavy rainfall last week, but near-normal amounts predominated, as was the case during July. Dry areas just south of Beijing got some relief late in the week as a series of fronts moved through. Dry conditions in July had sharply increased crop irrigation needs in the northern portion of the North China Plain and had hurt crop prospects to the northwest in Nei Monggol.

SOUTHERN ASIA--Relatively heavy rainfall continued across much of Bangladesh and northern India. Heavy rains in July over this area produced extensive flooding, and this additional water will prolong the problem. Upland areas, however, benefited from the wet weather. In spite of some dry pockets during the month of July, the monsoon to date has been favorable for the major crops. Generally, these pockets have been of limited extent or have affected areas of relative unimportance at this time.

CANADA--Light rain fell last week in regions of Alberta where crops are maturing rapidly. Soil moisture reserves in this province remain in adequate supply although July monthly rainfall was slightly below average. Weekly totals were higher in Saskatchewan and Manitoba, improving prospects for late-seeded crops in the Canadian Prairies. Northern crop areas of Saskatchewan and western portions of Manitoba received near-normal rainfall during July, but a major wheat-producing region in the south-central portion of Saskatchewan received less than 50 percent of normal rainfall last month. Soil moisture reserves in this area remain low and crop development has been impeded by insufficient moisture. July monthly temperatures were generally favorable for crop development.

AUSTRALIA--The winter wheat crop was in a semi-dormant period during July with favorable moisture supplies in most crop areas. The notable exceptions were parts of Queensland and northern New South Wales where less than 75 percent of normal rainfall was received in July. Soil moisture is in short supply in these areas despite rain in early August and more precipitation is needed for adequate development once the crop begins vigorous growth in the spring.

SOUTHEAST ASIA--Monsoon activity produced above-normal July rainfall for most of Thailand. Maize and rice crops developed well with sufficient moisture supplies in the agricultural region north of Bangkok. Reservoir levels were increased with the abundant rainfall. In the Central Plains, rainfall slackened last week which benefited the early (dry season) rice crop as it approaches maturity.

SOUTH AMERICA--Well above average monthly rainfall occurred in July in the winter wheat areas of both Argentina and Brazil. Soil moisture reserves were in good supply for the winter grains which were in semi-dormancy. Although no rain fell in Buenos Aires Province in Argentina last week, a frontal system further north produced locally heavy showers in Rio Grande do Sul State in Brazil. Mean monthly temperatures for July were slightly above average in northern Parana State, providing favorable conditions for coffee trees.

MEXICO--Hurricane Allen triggered beneficial rains in the northeast this week after two months of unusually hot, dry weather had strongly stressed citrus. About 25 mm fell at Montemorelos and Victoria. The Valles district had 50 to 75 mm which should improve fruit prospects. Seasonally heavy rains in the northwestern mountain watersheds should increase water storage for fall and winter vegetables. Water supplies had dwindled to about 30 percent of the summer norm in northwestern reservoirs after a prolonged drought. Rainfall generally has been adequate for corn tasseling in the southern plateau; however, some of the northern fringe was dry.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 12, 1980		Change from	
			previous week	a year ago
	Dollars	Dollars	Cents	Dollars
	per	per	per	per
	metric	bu.	bu.	metric
	ton			ton
Wheat:				
Canadian No. 1 CWRS-12.5%..	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
U.S. No. 2 DNS/NS: 14%.....	212.00	5.77	-5	190.00
U.S. No. 2 DHW/HW:13.5%....	207.00	5.63	-3	193.00
U.S. No. 2 S.R.W.....	197.00	5.36	-6	187.00
U.S. No. 3 H.A.D.....	305.00	8.30	-30	217.00
Canadian No. 1 A: Durum....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Feedgrains:				
U.S. No. 3 Yellow Corn.....	166.00	4.22	+22	136.00
U.S. No. 2 Sorghum <u>2/</u>	176.00	4.47	+19	135.50
Feed Barley <u>3/</u>	181.00	3.94	+21	165.00
Thailand Tapioca.....	179.50	--	+1.25 <u>5/</u>	--
Soybeans:				
U.S. No. 2 Yellow.....	294.00	8.00	-25	297.00
Argentine <u>4/</u>	284.00	7.73	-23	291.50
U.S. 44% Soybean Meal (M.T.)	242.00	--	-6.00 <u>5/</u>	232.50
EC Import Levies				
Wheat <u>6/</u>	109.00	2.97	-50	99.00
Barley.....	93.35	2.03	-39	82.60
Corn	98.85	2.51	-68	107.30
Sorghum.....	90.80	2.31	-50	99.80

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil Yellow

5/ Dollars per metric ton.

6/ Durum wheat has a separate levy.

NOTE: Basis Sept. delivery.

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